## **Overview**

## What is Impact Aid?

Many local school districts across the United States include within their boundaries parcels of land that are owned by the Federal Government or that have been removed from the local tax rolls by the Federal Government, including Indian lands. These school districts face special challenges--they must provide a quality education to the children living on the Indian and other Federal lands, while sometimes operating with less local revenue than is available to other school districts, because the Federal property is exempt from local property taxes.

Since 1950, Congress has provided financial assistance to these local school districts through the Impact Aid Program. Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on Indian lands. The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965 (ESEA)) provides assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other Federal properties and, to a lesser extent, for children who have parents in the uniformed services or employed on eligible Federal properties who do not live on Federal property.

Nearly 97 percent of the \$864 million appropriated for FY 1999 is targeted for payment to school districts based on an annual count of federally connected school children. Slightly more than 3 percent is intended to assist school districts that have lost significant local assessed value due to the acquisition of property by the federal government since 1938.

The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965) has been amended numerous times since its inception in 1950. The program continues, however, to support local school districts with concentrations of children who reside on Indian lands, military bases, low-rent housing properties and other federal properties, or who have parents in the uniformed services or employed on eligible federal properties. The law refers to local school districts as local educational agencies, or LEAs.

## How do school districts use Impact Aid?

Most Impact Aid funds are considered general aid to the recipient school districts; these districts may use the funds in whatever manner they choose in accordance with their local and state requirements. Most recipients use these funds for current expenditures, but recipients may use the funds for other purposes such as capital expenditures. Some Impact Aid funds must be used for specific purposes, such as the additional payment for children with disabilities. All payments are distributed by wire transfer directly to the bank accounts of school districts.

School districts use Impact Aid for a wide variety of expenses, including the salaries of **teachers** and **teacher aides**; purchasing **textbooks**, **computers**, and other equipment; after school programs and **remedial tutoring**; **advanced placement classes**; and **special enrichment programs**. Although most school districts use Impact Aid for current expenditures, funds may also be used for capital expenditures. Payments for Children with Disabilities must be used for the extra costs of educating these children.